Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 EB-08 COME-00 L-03 SS-15 OMB-01 TRSE-00
NSC-05 H-01 SP-02 CIAE-00 INR-07 NSAE-00 /053 W
----------162159Z 058370 /66
R 161100Z MAR 77
FM AMEMBASSY KUWAIT
TO SECSTATE WASHDC 7513
INFO AMEMBASSY CAIRO
AMEMBASSY DAMASCUS

C O N F I D E N T I A L KUWAIT 1394

E.O. 11652: GDS
TAGS: ETRG, PFOR
SUBJECT: ARAB BOYCOTT OFFICE MEMORANDUM

REF: (A) KUWAIT 1148, (B) KUWAIT 712

1. A MARCH 7, 1977 LETTER FROM MINISTER OF COMMUNICATIONS SULAIMAN HAMOUD ZAYD AL-KHALED REPLYING TO MY MARCH 5 LETTER FORWARDING COPY OF THE SECRETARY'S BOYCOTT STATEMENT OF FEB. 22 TO SENATE BANKING SUBCOMMITTEE ALSO ENCLOSED A DETAILED MEMORANDUM PREPARED BY THE KUWAIT BOYCOTT OFFICE.

2. BOYCOTT OFFICE MEMO MADE USUAL DEFENSE OF ARAB BOYCOTT AND REPEATEDLY STRESSED THAT THE BOYCOTT WAS NOT DISCRIMINATORY IN RESPECT TO RACE, RELIGION, SEX, COLOR, OR NATIOANL ORIGIN. MEMO ALSO MAINTAINS THAT NO NATIONAL BOYCOTT WAS ENTITLED TO ACT UNILATERALLY AND RECOMMENDATIONS ADOPTED BY ARAB LEAGUE COUNCIL ARE EFFECTIVE AND EFORCEABLE IN ALL ARAB COUNTIRES. PARAS 10 AND 11 OF MEMO PROVIDE BOYCOTT OFFICE'S COMMENT ON QUESTIONS OF CERTIFICIATE OF ORIGIN AND REGULATIONS CONCERNING FOREIGN VESSELS, AND ARE QUOTED BELOW:

PARA 10: STATEMENTS CONTAINED IN CERTIFICATES OF ORIGIN WERE CONFIDENTIAL

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INITALLY DELIBERATED AT THE BOYCOTT CONFERENCES AND ADOPTED BY THE ARAB LEAGUE COUNCIL. CERTIFICATES OF ORIGIN SHOULD STATE THE NAME OF THE MANUFACTURER, PRODUCER OR PROCESSOR. SHOULD ANY FOREIGN MATERIAL IS USED (SIC) IN THE PRODUCTION OF THE GOODS, THE PRECENTAGE AND COUNTRY OF ORIGIN OF THAT MATERIAL SHOULD BE SPECIFIED.

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PARA 11: THE RULES AND REGULATIONS CONCERNING FOREIGN
VESSELS WERE ADOPTED BY THE COMPETENT ARAB AUTHORITIES IN
ORDER TO PROTECT THE RIGHTS OF ARAB IMPORTERS SHOULD
ANY FOREIGN VESSEL CALL AT ANY ISRAELI PORT AND THE GOODS
BELONGING TO ARAB IMPORTERS WERE CONFISCATED BY THE ISRAELI
AUTHORITIES.

3. MINISTER OF COMMUNICATIONS LETTER ALSO ADDRESSES MY
LETTER (REF B) RE DEMAND FOR CERTAIN DECLARATIONS FROM WESTINGHOUSE
ELECTRIC CORP. IN CONNECTION WITH ITS BIDS TO BUILD NUCLEAR
POWER REACTORS FOR EGYPT AND ISRAEL. LETTER STATES THAT
DOCUMENTS REQUESTED ARE BASED ON ESTABLISHED BOYCOTT PROVISIONS
ADHERED TO BY ALL OFFICES. MINISTER OF COMMUNICATIONS
CONCLUDES LETTER BY NOTING, HOWEVER, THAT "THE MATTER CON-
CERNING THIS COMPANY IS UNDER STUDY AND DELIBERATIION BY ALL THE
BOYCOTT OFFICES IN THE ARAB COUNTRIES."

4. COPY OF LETTER AND ENCLOSURES POUCHED MARCH 16 TO
DEPT. FOR NEA/ARP ZIOLKOWSKI. DEPT. MAY WISH TO COMMUNICATE
INFORMATION CONTAINED ABOVE PARA TO AMB. DWIGHT PORTER,
DIRECTOR OF INTERNATIONAL RELATIONS FOR WESTINGHOUSE.

5. COMMENT: BOYCOTT OFFICE MEMO DOES NOT SHED ANY REAL
NEW LIGHT ON BOYCOTT SITUATION IN KUWAIT. HOWEVER, WORDING OF
PARA 10 QUOTED ABOVE COULD BE INTERPRETED AS INDICATING THAT
POSITIVE CERTIFICATES OF ORIGIN ARE ACCEPTABLE. DURING MY
RECENT MEETING WITH PROMINENT KUWAITI BUSINESSMAN,
LATTER TELEPHONE KUWAIT BOYCOTT OFFICE DIRECTOR MOHAMMED AL-
GHARABALLY IN MY PRESENCE TO QUERY HIM ABOUT ACCEPTABILITY
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OF POSITIVE CERTIFICATES, WHICH HE SAID HE HAD USED IN HIS OWN
BUSINESS. HE WAS TOLD THAT POSITIVE CERTIFICATES HAVE BEEN
ACCEPTABLE SINCE 1963* WE ARE STILL TRYING TO CLARIFY
KUWAIT BOYCOTT OFFICE PRACTICES AND I HAVE ENCOURAGED AN
AMERICAN MANAGER OF LOCAL KUWAITI BANK TO PERSUADE
HIS PRINCIPALS TO RAISE QUESTION OF POSITIVE CERTIFICATE
ACCEPTABILITY AT BOYCOTT OFFICE. BANKS HERE HAVE BEEN
REGULARLY USING NEGATIVE CERTIFICATION WORDING WHICH
IS NOW RAISING OBSTACLES TO BUSINESS WITH US FIRMS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BOYCOTTS, DIPLOMATIC COMMUNICATIONS
Control Number: n/a
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Sent Date: 16-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977KUWAIT01394
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770090-0939
Format: TEL
From: KUWAIT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770353/aaaabubl.tel
Line Count: 107
Litigation Code IDs:
Litigation Codes:
Litigation History:
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Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 KUWAIT 1148, 77 KUWAIT 712
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 21-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3089086
Secure: OPEN
Status: NATIVE
Subject: ARAB BOYCOTT OFFICE MEMORANDUM
TAGS: ETRD, PFOR
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/08c709b7-c288-dd11-92da-001cc4696bcc
Review Markings:
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Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009